

Message Text

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PAGE 01 NEW DE 00537 121233Z

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AGRE-00 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-02 FRB-01

OMB-01 /039 W

-----121235Z 017019 /14

R 121149Z JAN 77

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 541

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS NEW DELHI 0537

PASS USDA (FAS) FOR FCA AND FMD, COTTON

E.O. 11652: N/A

TAGS: EPAP,IN

SUBJECT: GOI MOVES TO REVITALIZE COTTON TEXTILE INDUSTRY

REF: NEW DELHI A-005

1. IN THE FACE OF GROWING DIFFICULTIES IN THE COTTON TEXTILE INDUSTRY AND RECENT CLOSURES OF MILLS (REPAIR), THE GOI ANNOUNCED ON JANUARY 11 THE FOLLOWING MEASURES:

A) INCREASE OF 35 PERCENT IN EX-MILL (WHOLESALE) PRICES FOR MANUFACTURERS OF CONTROLLED CLOTH (CHEAPER VARIETIES FOR LOWER INCOME GROUPS);

B) GOVERNMENT SUBSIDY TO NATIONAL COOPERATIVE CONSUMERS FEDERATION TO MAINTAIN PRESENT (LOW) RETAIL PRICES OF CONTROLLED CLOTH;

C) CONTINUATION FOR ANOTHER YEAR OF TOTAL OR PARTIAL EXEMPTION FROM PRODUCTION OF CONTROLLED CLOTH GRANTED TO SICK MILLS MANAGED

UNCLASSIFIED

PAGE 02 NEW DE 00537 121233Z

BY NATIONAL TEXTILE CORPORATION AND OTHER FINANCIALLY WEAK MILLS (57 PUBLIC SECTOR MILLS AND 53 PRIVATE ARE NOW TOTALLY EXEMPT);

D) TRANSFER OF AROUND 100 MILLION SQUARE METERS OF ANNUAL CONTROLLED CLOTH PRODUCTION TO HANDLOOM SECTOR AS SOON AS POSSIBLE, LEAVING BALANCE OF APPROXIMATELY 300 MILLION SQ.MT IN MILL SECTOR;

E) LIBERALIZATION OF BANK CREDIT, INCLUDING SOFT LOANS FROM INDUSTRIAL DEVELOPMENT BANK OF INDIA, FOR MODERNIZATION OF MILLS;

F) IMPORTS OF VARIOUS SYNTHETIC FIBERS AND COTTON TO ENSURE SUFFICIENT RAW MATERIALS FOR MILLS;

G) CONTINUATION OF STATES TO MILLS OF IMPORTED COTTON AT DOMESTIC PRICES (LOWER THAN PRESENT INTERNATIONAL PRICES); AND

H) CONTINUATION OF REQUIREMENT THAT MILLS USE AT LEAST 10 PERCENT SYNTHETIC FIBERS IN PRODUCTION OF COTTON TEXTILES.

2. COST TO CENTRAL GOVERNMENT OF VARIOUS SUBSIDIES ABOVE HAS BEEN ESTIMATED AT RS.600 MILLION (APPROXIMATELY DOLS70 MILLION) THIS YEAR.

3. PRELIMINARY REACTION OF TEXTILE INDSTRY HAS BEEN THAT, WHILE CHANGES IN CONTROLLED CLOTH SCHEME ARE STEP INRIGHT DIRECTION, THEY DO NOT GO FAR ENOUGH TO ENSURE THAT MILLS WILL BECOME SUFFICIENTLY VIABLE.SCHNEIDER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC RECOVERY, COTTON, TEXTILES, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NEWDE00537
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770011-0991
Format: TEL
From: NEW DELHI
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770159/aaaabzme.tel
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Litigation History:
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Original Classification: UNCLASSIFIED
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Original Previous Classification: n/a
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Reference: 77 NEW DELHI A-5
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 16-Sep-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
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Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3615628
Secure: OPEN
Status: NATIVE
Subject: GOI MOVES TO REVITALIZE COTTON TEXTILE INDUSTRY
TAGS: EPAP, EIND, IN
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/5f5870da-c288-dd11-92da-001cc4696bcc
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